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CORPORATION FILE

T H E
Borden
C O M P A N Y

1946
Eighty-Ninth Year

BOARDS

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A N N U A L



R E P O R T

BOARD OF DIRECTORS

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Chairman of the Board

HAROLD W. COMFORT

Executive Vice-President

L. MANUEL HENDLER

*Hendler Creamery Company
Baltimore*

ROBCLIFF V. JONES

New York

LESTER LE FEBER

Milwaukee

MADISON H. LEWIS

New York

THEODORE G. MONTAGUE

President

MARCUS M. MUNSILL

Spencer Trask & Co.

THOMAS I. PARKINSON

*President, The Equitable Life
Assurance Society of the United States*

HENNING W. PRENTIS, JR.

President, Armstrong Cork Company

BEVERLEY R. ROBINSON

Milbank, Tweed, Hope, Hadley & McCloy

HARRY A. ROSS

Vice-President

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Chairman

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ROY D. WOOSTER, *Vice-President*

EVERETT L. NOETZEL, *Treasurer*

THEODORE G. MONTAGUE

President

THEODORE D. WAIBEL, *Secretary*

CECIL I. CROUSE, *Assistant Vice-President*

JOSEPH O. EASTLACK, *Assistant Vice-President*

WALTER T. FITZPATRICK, *Assistant Vice-President*

HAROLD K. KRAMER, *Assistant Vice-President*

STUART PEABODY, *Assistant Vice-President*

THEODORE O. HOFMAN, *General Controller*

HARRY L. CAMP, *General Auditor & Asst. Treas.*

A. BROOKS PRAY, *Assistant Treasurer*

DOUGLAS T. ORTON, *Assistant Secretary*

EXECUTIVE OFFICES

350 Madison Avenue, New York 17, N. Y.

TRANSFER AND DIVIDEND DISBURSING AGENT

THE CHASE NATIONAL BANK OF THE
CITY OF NEW YORK

11 Broad Street, New York 15, N. Y.

COUNSEL

MILBANK, TWEED, HOPE, HADLEY & MCCLOY

15 Broad Street, New York 5, N. Y.

REGISTERED OFFICE

117 Main Street, Flemington, N. J.

REGISTRAR

BANKERS TRUST COMPANY

16 Wall Street, New York 5, N. Y.

AUDITORS

HASKINS & SELLS

1 East 44th Street, New York 17, N. Y.

THE PRESIDENT'S REPORT to Stockholders and Employees

The year 1946 was not a normal one as far as business was concerned. As it came to a close, sixteen months after the last gun had been fired, the expected shift to high peacetime production had failed to take place. Generally, operations were as far from normal as they were during the war.

Unsettled conditions prevailed in practically all of the many industries in which the company has a stake. There were serious shortages of both raw materials and equipment. Costs rose to levels that frequently did not reflect sound, long-term values. Our ability to supply customers was unequal to the demands for many products.

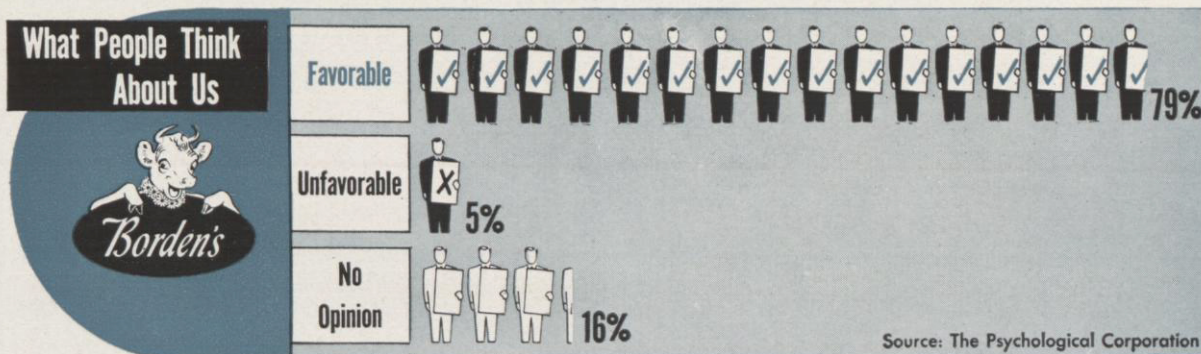
Milk output declined from 1945. Scarcities were felt also in sugar, soybeans, cocoa, and many other ingredients. In processing, the lack of containers and equipment was a bottleneck. Strikes in other industries hampered our own operations.

During the war, the country's vast, complicated industrial economy was confined by many government controls. Whether they were good, or necessary, is now beside the point. The fact

is that great pressures were built up under such emergency controls as price ceilings and allocation of materials. The removal of these measures was followed by the inevitable, explosive results that left their mark on industrial activity.

Business may resume its normal course in 1947. In such a channel, the company can continue to move ahead, providing certain conditions prevail. There must be firm consumer purchasing power to sustain demand at or above last year's levels. And per worker productivity must improve to counter-balance rising cost trends and thus keep prices within reasonable bounds.

If these conditions hold during the coming year, our sales and earnings should continue good. Any increase in earnings could not, of course, compare with that of the past year when our income rose as a result of the reduction from the wartime tax rates on corporate incomes. But our sales should remain high and will be helped by the expanded activity planned for our many diversified products, both in home markets and abroad.



FINANCIAL MATTERS

SALES

For the seventh successive year our dollar sales increased. Amounting to \$542,998,805, they set a new high record. The increase was about 18% over 1945 sales of \$459,454,880. Accounting in part for the increased dollar sales were the higher average price levels. Unit sales increased generally, but there was a tapering off of demand in some lines toward the end of the year.

Some new products were introduced, but their full influence on sales will not be felt until future years.

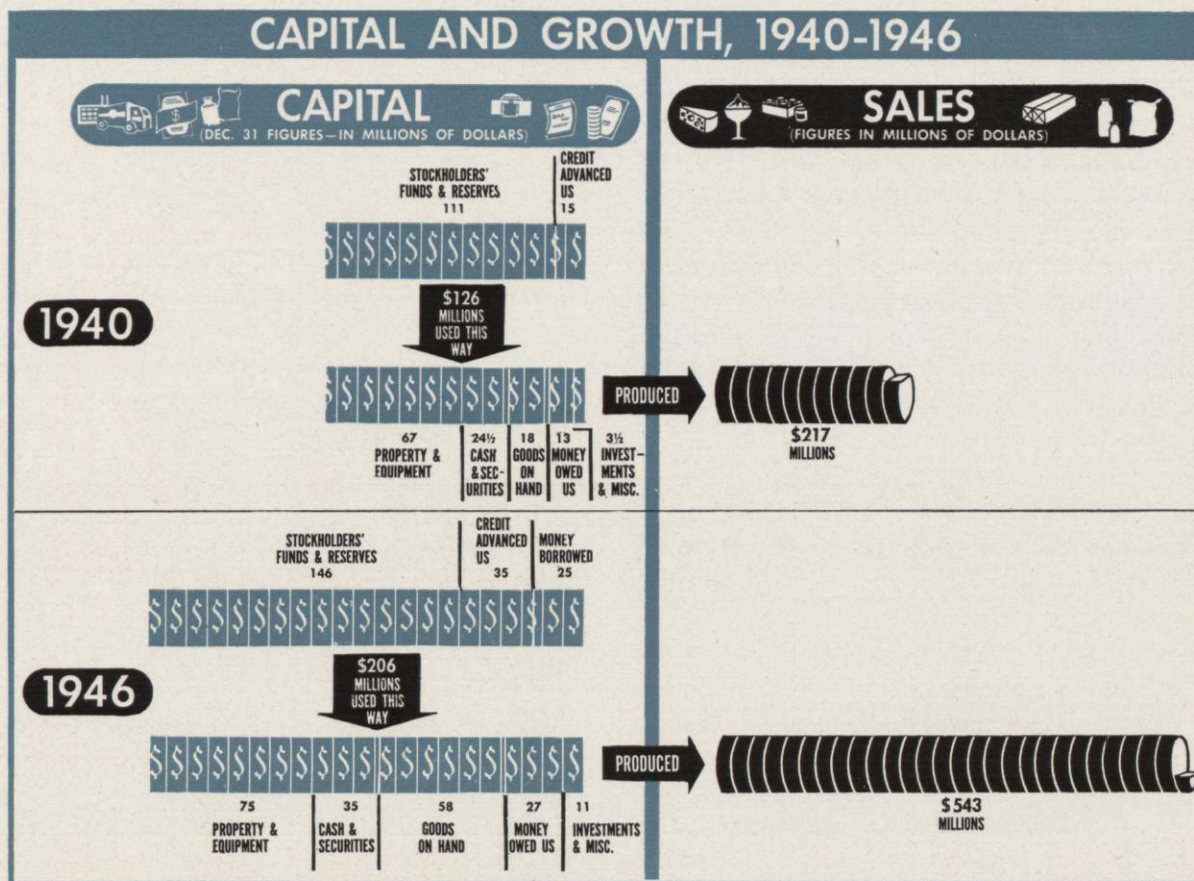
INCOME AND DIVIDENDS

Our net income improved above that of the war years, but was below record levels. We earned \$19,581,006 after taxes. This was equal to \$4.64 per share of stock, or 3.6 cents per

dollar of sales. The net income in 1945 was \$12,093,972, or \$2.85 per share, or 2.6 cents on the sales dollar.

Chief factor in the increased earnings was, of course, the lower federal income tax. About two-thirds of the benefits of lower taxes were translated into earnings. Offsetting the tax reduction were several factors. Costs rose very sharply during the year. And the existence of price controls during the first six months prevented us from adjusting prices to cover these costs.

Also strengthening our profit position was the further development of items commanding better profit margins than can be obtained from some of the staple dairy products. As time goes on, the sales volume of these newer items will grow further and increase their contributions to the company's earnings.



Indicative of growing diversification was the company's increased investment in other activities and in foreign countries. For example, our investment in unconsolidated subsidiary companies, foreign and domestic, rose to \$3,223,373. In 1945, it totaled only \$734,630. While no dividends were received from these unconsolidated subsidiaries, our share of their earnings amounted to about \$715,000 during the year.

Carrying our record of continuous dividends through its 48th year, we paid dividends amounting to \$2.25 per share. This is an increase of 45 cents over the \$1.80 paid in 1945. Interim dividends* of 50 cents per share were paid on March 2nd, June 1st, and September 3rd, and a final dividend of 75 cents on December 20th.

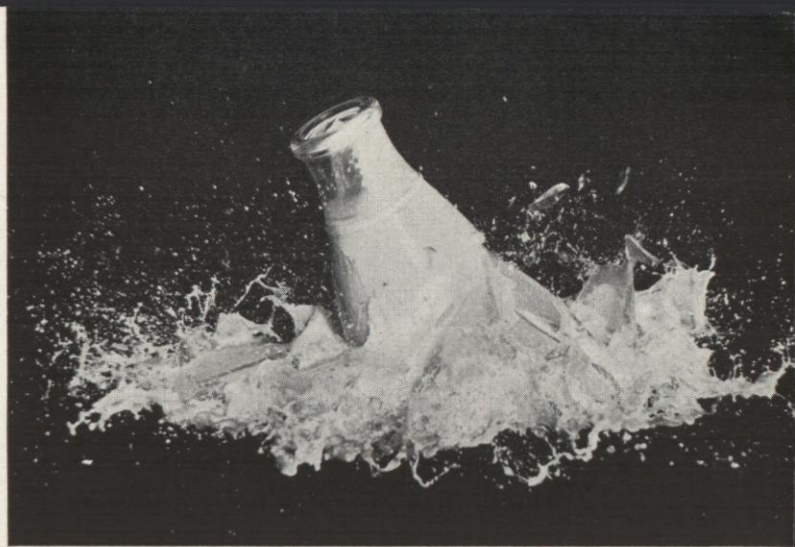
RESERVES

During the war the Board of Directors carefully considered the emergencies that might arise from the conflict. Two reserves were authorized—a Reserve for Wartime Contingencies and Transition to Peacetime Economy and a Reserve for Deferred Repairs and Maintenance. Sixteen months having elapsed since V-J Day, the balances in these reserves at the end of 1946 were transferred to earned surplus. In the first of these reserves the balance was \$10,732,912; in the second, \$3,200,000.

Recognizing that unsettled conditions resulting from the war will carry into the future, the Board authorized appropriations from earned surplus for two new reserves: one of \$5,000,000 for Losses on Unusual Property Disposals, and another of \$5,000,000 for Possible Inventory Price Declines. In setting up the latter reserve, the Board was aware of the disastrous drop in commodity prices during the period following World War I but anticipated no similar decline in 1947.

Substantial protection against declining price trends results from our policy of carrying a number of our major inventory items on a "last-in, first-out" basis. This method was adopted in

*The first interim dividend of 1947, amounting to 60 cents per share, was declared by the Board of Directors on January 28th, and paid on March 1st.



A Sad Story, as caught by the high speed camera. Losses of this kind helped make the worst bottle shortage in history

1939, when prices were relatively low. Although our inventory of \$57,641,793 on December 31st was considerably more than a year earlier, it was not large in relation to the much greater volume of business transacted.

NET WORKING CAPITAL

As our business grew, it required more working capital. The program to improve plants and replace equipment, the larger inventories necessary, and the increased amount of outstanding accounts all demanded it. Consequently, at the close of the year net working capital was the largest in the company's history.

Our current assets were \$119,309,195, and current liabilities, \$34,750,708, leaving a net working capital of \$84,558,487. During the

"Three Little Injuns" pass the time with Borden's milk while waiting to be taken to summer camp





They Didn't Get Away! These sharks will shortly yield their livers for Vitamin A at a Borden plant

year it became advisable to add to our working capital. We borrowed \$25,000,000 on our $1\frac{3}{4}\%$ notes, which were issued to six banks. These notes mature serially until March, 1956, when the balance becomes due. They replaced \$13,696,000 of 2% notes which the company had retired. The proceeds of the loan were used to carry inventories and accounts receivable.

At the close of the year we had United States and Canadian government securities amounting to \$5,984,098. Our securities declined from 1945 because we disposed of some holdings to get funds to retire our 2% notes and help finance our program of capital expenditures.

CAPITAL EXPENDITURES

We were behind schedule on new construction, improvements, and equipment replacements. Supplies were hard to get and deliveries of materials and equipment were frequently delayed. Much of the work that had been scheduled for completion in 1946 was carried over to 1947.

Covering all of this work will be the largest capital expenditure program in our history. The Board of Directors has authorized a budget for capital expenditures of \$13,897,000 for 1947. In addition, about \$12,000,000 remains of our prior budgets. Whether this \$26,000,000 program can be completed during 1947 depends upon many factors beyond our control.

High building costs and rising prices of equipment required many changes in our plans. Generally speaking, we were conservative in making capital expenditures. Where costs seemed excessive in view of long-range profit possibilities, we did not hesitate to change our plans. This policy will be followed in the future also.

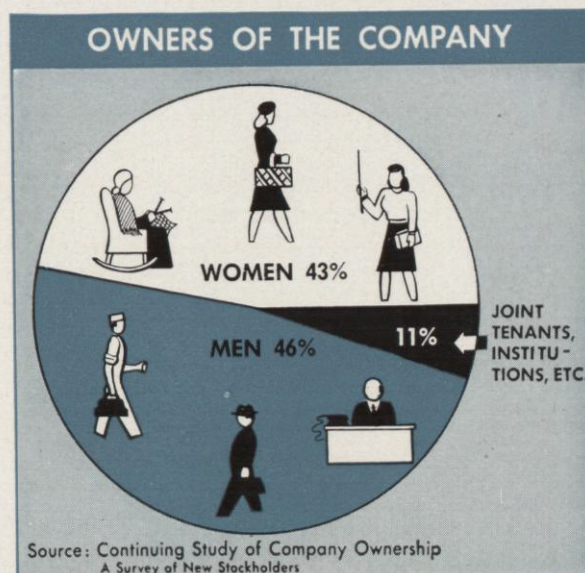
TAXES

After rising steadily throughout the war, total tax charges dropped to \$19,371,222. In 1945, the year of peak charges, they amounted to \$32,908,596.

CAPITAL STOCK

At the close of the year, the company was owned by 49,121 shareholders. The average stock holding was 86 shares. Represented on the stock list were all the states and Canadian provinces, as well as many foreign countries.

There was no change in the amount of capital stock authorized. At the close of the year, 4,217,000 shares were outstanding. This was a decline of 23,000 shares from the previous year. During the year, the company purchased 24,920 shares and reissued 1,920 to acquire new properties and for other corporate purposes. Except for the $1\frac{3}{4}\%$ notes outstanding, there were no securities senior to the company's common stock.





"Fit for a Golden Spoon" — Test run of the fine-flavored, extra special ice cream which Borden's will introduce nationally in 1947

THE OPERATING DIVISIONS

ICE CREAM

Volume in the Ice Cream Division, both in dollars and units sold, reached a new high peak despite many problems which confronted us. These included the shortage of raw materials, which was intensified by rigorous sugar rationing, and marked increases in costs, particularly those for wages and distribution.

Price ceilings were removed, permitting us to advance our selling prices for the first time in four years. Higher costs forced these price increases which were, on the average, small. In fact, the wholesale price of ice cream remained nearer its prewar level than the price of any other major dairy product.

To improve our volume, plans call for renewed emphasis on sales. Encouraging this program is the unique position of ice cream in the food field. Its value as a source of nutriment is now generally known, so that it is being consumed not only as a delicacy but also because

it adds important elements to the diet. Moreover, the wartime preference for ice cream has been carried into civilian life by veterans, and the product now enjoys an unsurpassed popularity. For these reasons, a steady, continuing demand for ice cream is expected.

With future prospects good, new machinery and equipment were installed, or are on order, to improve plant processes and increase the output of many of our plants.

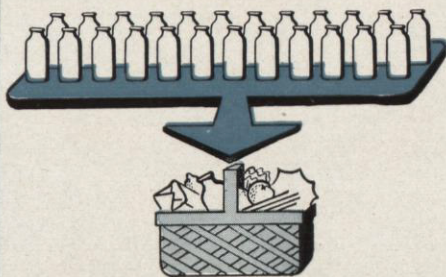
FLUID MILK

Our sales reached new high levels for the year as a whole. They were running above 1945 sales at the close of the year, despite a temporary set-back during the last half. There were several reasons for this brief decline. In some areas, fluid milk supplies were very short. Our metropolitan New York sales fell off because of a paper container shortage — the result of the 8-week general trucking strike. Consumers

A STUDY IN ECONOMICS

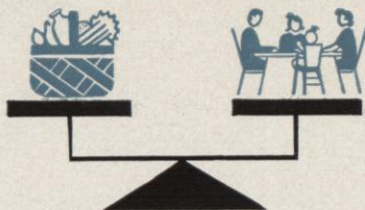
1

A moderate priced Market Basket should include 24 quarts of milk to round out a balanced, weekly diet for a family.



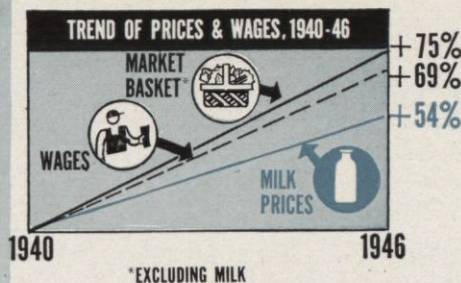
2

This Market Basket covers the food needs of a family of 2 adults and 2 children.



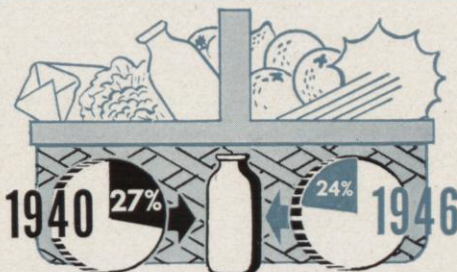
3

Practically all prices rose after the war. The Market Basket cost more. But milk prices did not rise as much as the Market Basket or average wages.



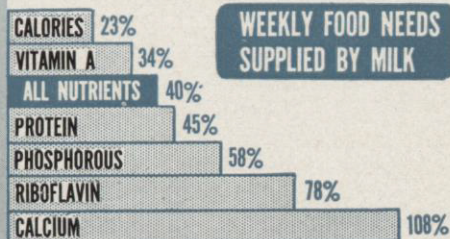
4

And the milk accounted for a smaller part of the cost of the Market Basket.



5

For only 24% of the cost of the Food Basket, milk supplied 40% of the family's food needs.



6

**PENNY FOR PENNY
YOUR BEST FOOD BUY IS MILK**



SOURCES: U. S. Bureau of Agricultural Economics and Labor Statistics
Based on Average U. S. prices, last 6 months, 1940 and 1946.

became price-conscious when federal subsidies were transferred to milk bills, and resale prices were forced up still further by the higher farm prices that prevailed after the removal of price controls.

Generally, the situation illustrated the impossibility of reducing milk prices without substantial reductions in the farm price of milk and the high labor costs that prevail in the fluid milk industry.

Despite the record sales and the high price levels prevailing in the last half of the year, the rate of profit in the Fluid Milk Division was less than 2.5% of sales. This compares with a 4.5% average for all other divisions of the company. The inadequacy of the return on fluid milk is further illustrated by the fact that other products, sold from our routes and enjoying a better profit, account for about 25% of the sales of our Fluid Milk Division.

Although price-consciousness was a factor in setting back sales temporarily, their recovery was due in part to the fact that milk prices rose less than those of most other foods. This made milk an even better consumer buy than it is normally. Current consumer preferences are indicated by the increased sales of homogenized, vitamin D milk, which advanced 38% over 1945.

We continued to replace equipment which had deteriorated during the war. Deliveries on long overdue plant machinery speeded up somewhat and stainless steel, important from the standpoint of both quality and efficiency, was back on the market. In many plants, old pasteurizing equipment was replaced with modern short-time, high-temperature pasteurizers. Sizeable replacements were made in our motor fleet, and a heavy buying program will be followed again in 1947.

Although glass supplies were hard to get, the old type round bottles were replaced as rapidly as the new square bottles became available. About two-thirds of our milk sales are now packaged in square bottles. The popularity of paper containers continued to grow, and many of our plants added paper-packaging equipment.

MANUFACTURED PRODUCTS

Good progress was made in this group, with further improvement checked by the lack of two of its principal ingredients—sugar and milk.

Milk was scarce for two principal reasons. Supplies from some of our manufacturing plants were diverted to fluid milk units to help tide them over the season of short production. In other areas, the output of farms supplying our plants declined. Toward the close of the year, however, new sources of milk were developed and are expected to improve supplies in 1947.

Lack of sugar limited the manufacture of Hemo, Eagle Brand Condensed Milk, Instant Mix, None Such Mince Meat, and our malted milks. Sales of these products are expected to increase in 1947 if more sugar can be obtained.

Government buying of some products, which had been very heavy during the war and in the period that followed it, tapered off and required some readjustments. In the case of evaporated milk, our entire production was quickly absorbed and civilian sales boosted to an all-time high. Total sales of dry milks declined as government orders dwindled. Sales of dry milk to other markets, most of them export, increased over 1945, and were far above prewar levels.

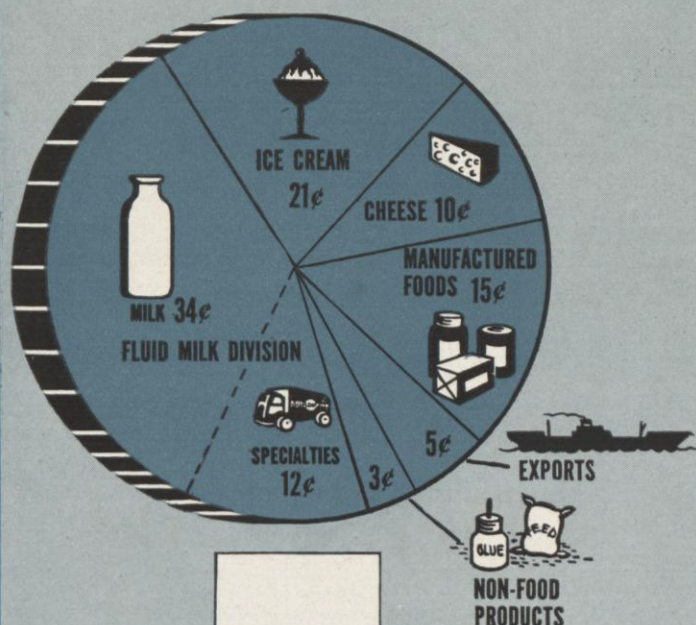
Distribution of several recently developed products was broadened. Borden's Instant Coffee, now on sale nationally, took the dominant position in its field, leading all competing brands of pure powdered coffee. A liquid type of Hemo reached wider markets. Sales of Starlac, a skim milk powder, increased, and plans call for national distribution of it in 1947.

CHEESE

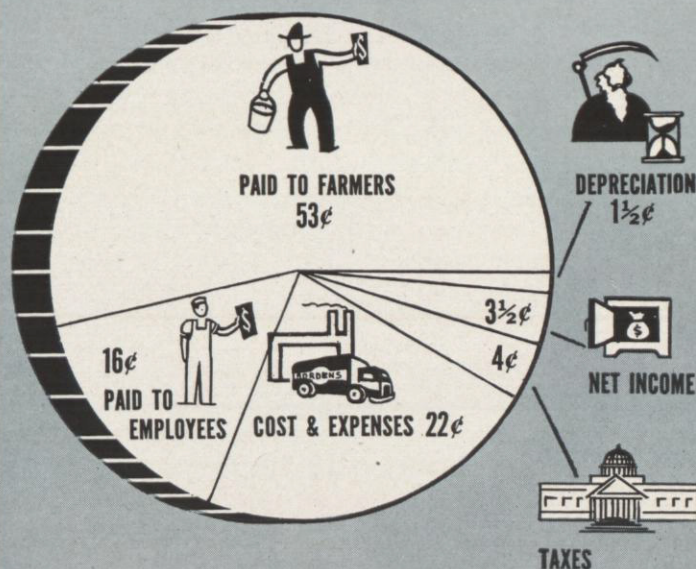
Cheese supplies were not sufficient to meet demand. The outlook brightened, however, with the lifting of price controls and a decrease in the requirements of government agencies which, during the war, had taken more than 50% of the total production of cheddar cheese. These changes did not occur, however, until the 1946 cheese production peak had passed, and, as a result, helped the supply situation very little.

THE BORDEN SALES DOLLAR

Where it came from...



...where it went





*Cheese by Air. First coast-to-coast plane shipment
of Borden's Camembert*

But, for 1947, the prospects are good. Our sales, which reached new high levels, are expected to remain high. Consumption of cheese was increasing steadily before the war cut into civilian supplies. This upward trend should resume as the supply improves. Aged cheddar cheese will probably reach the market in good volume by the end of 1947.

Several new cheese products will be introduced during the coming year. They will include specialty items of the same kind that helped our sales growth in the past. Additions will be made to both our natural and processed cheese lines.

As a matter of policy, our first interest is the promotion of domestic cheeses. We are not, however, overlooking the market for imported cheese, although the sales volume is relatively small. Imports were resumed from France and Italy. Swiss imports are expected late in 1947, and will be handled through regular channels.

CASEIN AND ADHESIVES

Demand for products was very heavy and is expected to remain so. Future prospects of this division are very promising. As supplies of basic chemicals improve, substantial growth and higher earning power can be expected.

Domestic casein supplies are limited when-

ever the demand for milk as a human food is large in relation to supplies. To meet this situation, we took several steps. A program was developed to increase our imports of casein from the Argentine. A new product to replace casein in paper manufacture was perfected in our laboratory. This is Texet, the principal ingredient of which is soy protein.

Another new product, Cascophen, went into volume distribution. It is the first resin glue of its kind to be packaged for the retail trade. Casco Flexible Cement, also a consumer product, which has a synthetic latex casein base, went into volume production.

The year saw the company launched on its first industrial chemical venture. At Springfield, Ore., we opened a plant for the making of formaldehyde, primarily for use in our resin glues. First of its kind on the West Coast, this plant serves a great plywood-producing region.

SPECIAL PRODUCTS

Progress continued in the diversified and new lines which this division is developing. As supply conditions improve, it will be ready with enlarged plant capacity and new products to expand its markets further.

Keystone of future plans for expansion was the new soy protein fractionating plant that was started at Kankakee, Ill. From this plant will flow a series of products, many of them developed in our own laboratories, for use in food-processing and in improving animal feeds.

An interesting new product, Protolac, was introduced. Protolac contains all the important amino acids necessary to correct protein deficiencies. It will be promoted through the medical profession, and not to the general public. Another recent product in this class is Gerilac, which is designed to meet the nutritional needs of the aged. During the year, the distribution of Gerilac was broadened considerably.

Our bulk animal food business was supplemented by the addition of a line of packaged dog foods. This new activity was started with the acquisition of the Armstrong Food Company.

EXPORT AND FOREIGN OPERATIONS

* During the year we returned to most of the export areas that had been shut off by the war. Our goods are again flowing to the Philippines, Burma, China, the Straits Settlement and other foreign markets. Sales were above those of pre-war levels. Aiding our business late in the year was the government's removal of licensing requirements for shipment to some areas. In other countries we benefited from prewar good will and our promptness in rushing supplies on the first ships that sailed after the war ended.

Since we are well-established in many export areas, we believe the outlook is good. Not to be overlooked, however, is the fact that other nations are either back in export fields, or will shortly reenter them. American farm prices are considerably higher than those of countries which are normally large exporters of dairy products. This makes it difficult to meet foreign competition.

Export operations were hampered by the lack of raw products, and by strikes in the trucking and shipping industries which checked our sales considerably.

The plant of our Amos Bird Division at Shanghai, China, which was seized by the Japanese, is now being reconditioned. Resumption of normal activities is not expected for some time, however, because of the unsettled economic situation.

PRODUCE DIVISION

New records, both in dollar sales and tonnage handled, were made in our wholesale produce operations serving the metropolitan New York area. The heavy demand for poultry, which resulted from the meat shortage, contributed to this showing. But, another and more important factor was the increased use of frozen foods which we distribute in Northern New Jersey—a branch of the business showing promise of good future growth. Total sales of the Division improved despite the elimination of many items which we took on during the war to compensate for declining supplies in regular lines.

CANADIAN OPERATIONS

Confronted by a scarcity of milk and increased demands for its products, The Borden Company, Limited, widened its supply sources, and launched a plant improvement and expansion program to care for future needs.

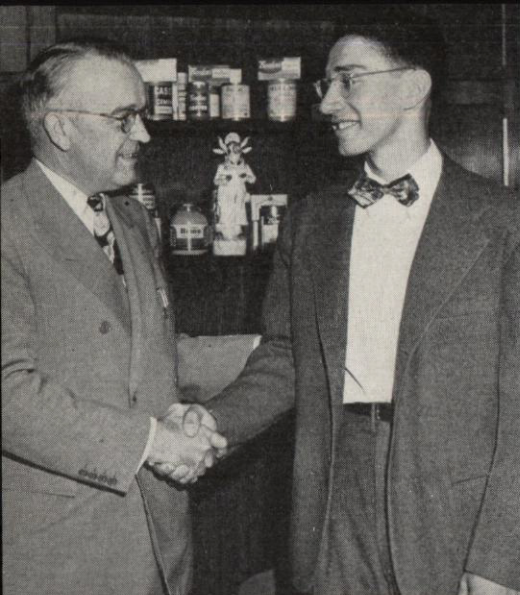
As a first step, five country cheese plants in Ontario were purchased. One plant was converted to the production of Bluford cheese, doubling the former output. Milk supplies of the others were diverted to plants which needed an added volume of milk. Planned is the establishment of other plants in areas where plentiful supplies of manufacturing milk are available.

Reconversion has been slow because the Government has found it necessary to continue war-time controls of the dairy industry. Sales of practically all principal products were limited. Canadian regulations designed to help meet the food needs of England were, in some respects, stricter even than during the war. Looking ahead to their removal, however, we proceeded with plans to increase the capacity of many plants.

Unfortunately, conditions on both sides of the border made it necessary to postpone the introduction into Canada of several products that are very popular in the United States. Sugar shortages held up the manufacture of Hemo in Canada. Borden's Instant Coffee could not be introduced because plants were unable to meet the demand for this product in the United States. Plans call for its introduction in 1947.

Klim by Rickshaw. A Borden export product moves slowly to Chinese markets





President Montague and scholarship winner.



In harmony after 40 years with Borden's.



Milk Industry's gold award for heroism.

GENERAL MATTERS

RESEARCH

Our research program was further expanded by an enlarged budget. Appropriations for this purpose have increased steadily, last year reaching a figure double that of prewar years.

Numerous projects, delayed because our research men had to concentrate on the solution of unusual problems arising from wartime conditions, were reopened. Several new products were perfected and are scheduled for marketing in 1947.

New product development is stressed in our future plans. The return to normality will relieve research men of other duties and allow them to focus their attention on this important field.

THE EMPLOYEES

Generally speaking, relations with our employees continued good. There were few labor controversies. When these did arise, they were quickly settled because employee matters of this kind are handled by local management. With both management and employees knowing all details of a situation, they can work out differences with a minimum hardship to the public, the employees themselves, and the company.

Contributory group insurance programs were further extended, with more employees participating. In the Group Life plan, 18,098 employees were insured, and 193 claims totaling \$448,500 were paid. There were 10,750 employees enrolled in the Group Accident & Health and the Accidental Death & Dismemberment plan; 1,473 claims totaling \$194,276 were paid. Some 15,000 employees subscribed to the Blue Cross Hospitalization program.

Further progress was shown in the accident prevention and safety program. Our employee injury rate was 19.5 accidents per million man hours worked. This was lower than the 1945 rate of 24.11, and considerably below the average rate of the food industry. Our vehicular rate was 4.02 accidents per 100,000 miles traveled. This was better than our 1945 experience, although heavier traffic caused a marked rise in accident rates generally.

ADVERTISING

Our advertising programs were continued at full strength. As production of branded merchandise was stepped up, the emphasis on product-selling was sharpened and increased.

In addition to the regular schedules carried

BORDEN'S QUARTER CENTURY CLUB

Of 22,890 employees who have worked for Borden's at least one year

3,174 MEN & WOMEN
HAVE SERVICE RECORDS
OF 25 YEARS OR MORE

223 EMPLOYEES
HAVE WORKED
40 YEARS OR
MORE



12 EMPLOYEES HAVE SERVICE RECORDS
OF 50 YEARS OR MORE

in magazines and newspapers, the two national Borden radio programs were continued. There was an increase in the listening interest, and consequently in the effectiveness, of both the Ginny Simms' Show and County Fair. Also, the Canadian Cavalcade of The Borden Company, Limited, held its popularity with audiences north of the border.

Even though its audiences are so small that they have little commercial importance, television may sometime be a very valuable advertising medium. With this in mind, we started an experimental program on WNBT, the NBC outlet in New York City. Through this early use of television, the company established its prior right to a desirable time period and started developing new advertising techniques for use as television improves.

IN CONCLUSION

Our past year's achievement resulted from the planning of many minds, and the work of many hands. Our Directors gave their seasoned judgment to guide the company's affairs, and thousands of Borden employees contributed by performing their jobs well. It is through a collective performance of this kind, carried out by each with loyalty and pride of achievement, that Borden progress is made.

* * *

This report is submitted by order of the Board of Directors. It is followed by financial statements for the year, and the certificate of Haskins & Sells, certified public accountants. Following also are several articles covering some interesting phases of the company's operations.

THEODORE G. MONTAGUE,
President

COUNTY FAIR
Calves for Greek relief.



CANADIAN CAVALCADE
Director Cable and guest—Sir Ernest MacMillan.



GINNY SIMMS SHOW
Ginny and Announcer Don Wilson.



THE *Borden* COMPANY

CONSOLIDATED BALANCE SHEET

A S S E T S

	December 31	
	<u>1946</u>	<u>1945</u>
CURRENT ASSETS:		
Cash	\$ 29,004,830	\$ 30,133,484
United States and Canadian Government Securities	5,984,098	27,806,725
Receivables (Less Reserves—1946, \$2,894,600; 1945, \$2,258,264)	26,678,474	17,369,830
Inventories—At the Lower of Cost or Market:		
Finished Goods		
Materials & Supplies		
1946—\$26,420,373	\$31,221,420	57,641,793
1945— 14,167,745	17,306,931	31,474,676
Total Current Assets	<u>\$119,309,195</u>	<u>\$106,784,715</u>
 INVESTMENTS AND NON-CURRENT RECEIVABLES:		
Unconsolidated Subsidiaries (Foreign and Domestic)	\$ 3,223,373	\$ 734,630
United States and Canadian Government Securities on Deposit (Pursuant to Workmen's Compensation and Milk Control Laws, etc.)	1,887,311	1,889,616
Mortgages	1,273,422	1,666,823
Other	<u>5,797,245</u>	<u>3,894,404</u>
Total	\$ 12,181,351	\$ 8,185,473
Less Reserves	<u>1,439,108</u>	<u>1,305,861</u>
Net Investments and Non-Current Receivables	<u>\$ 10,742,243</u>	<u>\$ 6,879,612</u>
 PROPERTY AND EQUIPMENT	\$144,943,870	\$131,236,166
(Principally at cost, but in part at lower valuations established by the company)		
Less Reserves for Depreciation	69,621,314	66,000,856
(Based upon above property valuations)		
Net Property and Equipment	<u>\$ 75,322,556</u>	<u>\$ 65,235,310</u>
 DEFERRED CHARGES	<u>\$ 813,445</u>	<u>\$ 876,544</u>
 TRADE-MARKS, PATENTS AND GOOD-WILL	<u>\$ 1</u>	<u>\$ 1</u>
 TOTAL	<u><u>\$206,187,440</u></u>	<u><u>\$179,776,182</u></u>

See Page 17 for notes to financial statements.

AND CONSOLIDATED SUBSIDIARIES
ET, DECEMBER 31, 1946 and 1945

LIABILITIES

	December 31	
	1946	1945
CURRENT LIABILITIES:		
Accounts Payable	\$ 25,929,272	\$ 19,139,470
Accrued Accounts:		
Taxes	2,817,591	3,480,828
(After deducting Treasury Savings Notes equal to accrued U. S. Income Taxes—1946, \$12,800,000; 1945, \$25,700,000)		
Other	6,003,845	5,277,201
Total Current Liabilities	<u>\$ 34,750,708</u>	<u>\$ 27,897,499</u>
NON-CURRENT LIABILITIES:		
Notes Payable (Note 3)	\$ 25,000,000	\$ 12,895,000
Other	28,230	38,520
Total Non-Current Liabilities	<u>\$ 25,028,230</u>	<u>\$ 12,933,520</u>
RESERVES:		
Contingency Reserve	\$ 2,000,000	\$ 1,616,061
Special Contingency Reserve (Note 5)		10,507,245
For Possible Inventory Price Declines	5,000,000	
For Losses on Unusual Property Disposals	5,000,000	
Insurance Reserves	7,118,045	6,791,988
For Replacement of Depleted Normal Inventories	2,202,562	3,667,859
Other Reserves	5,087,808	9,144,694
Total Reserves	<u>\$ 26,408,415</u>	<u>\$ 31,727,847</u>
CAPITAL STOCK AND SURPLUS:		
Capital Stock—THE BORDEN COMPANY		
Common \$15 par—Authorized 8,000,000 shares;		
Issued 4,417,958 shares	\$ 66,269,370	\$ 66,269,370
Capital Surplus	13,981,996	13,836,192
Earned Surplus	46,377,984	32,515,806
Total	<u>\$126,629,350</u>	<u>\$112,621,368</u>
Less Treasury Stock—At Cost:		
1946, 200,958 shares; 1945, 177,958 shares (Including stock reserved under Officers and Employees Stock Option Plan—1946, 48,500 shares; 1945, 16,500 shares)	<u>6,629,263</u>	<u>5,404,052</u>
Capital Stock Outstanding (1946, 4,217,000 shares; 1945, 4,240,000 shares) and Surplus	<u>\$120,000,087</u>	<u>\$107,217,316</u>
TOTAL	<u>\$206,187,440</u>	<u>\$179,776,182</u>

STATEMENT OF CONSOLIDATED NET INCOME

For the Years Ended December 31, 1946 and 1945

	Year Ended December 31	
	1946	1945
NET SALES	\$542,998,805	\$459,454,880
OTHER INCOME:		
Interest, Dividends and Royalties	693,773	692,069
Rentals, less expenses of properties rented or unessential to operations	238,989	141,924
Other	538,358	115,893
TOTAL	\$544,469,925	\$460,404,766
LESS:		
Cost of Goods Sold	\$471,327,418	\$387,146,019
Selling, General and Administrative Expenses and Other Charges	38,894,670	33,222,100
Interest Expense	616,409	329,777
Provision for Deferred Repairs and Maintenance		700,000
Provision for Federal and Other Taxes on Income	14,050,422	26,912,898
TOTAL	\$524,888,919	\$448,310,794
NET INCOME	\$ 19,581,006	\$ 12,093,972

STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Years Ended December 31, 1946 and 1945

	Year Ended December 31	
	1946	1945
BALANCE AT BEGINNING OF YEAR	\$ 32,515,806	\$ 28,816,270
NET INCOME	19,581,006	12,093,972
TRANSFERS FROM RESERVES:		
Provided out of Income, 1941-1945:		
For wartime contingencies and transition to peacetime economy	10,732,912	
For deferred repairs and maintenance	3,200,000	
Provided out of Earned Surplus, 1939:		
For adjustment of foreign assets to U. S. dollar equivalent	460,938	
For purchase of employees' deferred retirement annuities	300,000	
TOTAL	\$ 66,790,662	\$ 40,910,242
DEDUCT:		
Dividends Paid (\$2.25 a share in 1946 and \$1.80 a share in 1945)	\$ 9,508,900	\$ 7,623,711
Write-off of Goodwill Purchased during the Year	519,839	770,725
Appropriations to Reserves:		
For possible inventory price declines	5,000,000	
For losses on unusual property disposals	5,000,000	
For contingencies	383,939	
TOTAL	\$ 20,412,678	\$ 8,394,436
BALANCE AT END OF YEAR	\$ 46,377,984	\$ 32,515,806

See Page 17 for notes to financial statements.

AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS

For the Years Ended December 31, 1946 and 1945

	Year Ended December 31	
	1946	1945
BALANCE AT BEGINNING OF YEAR	\$ 13,836,192	\$ 13,618,188
Proceeds from disposal of unessential properties previously written off against Capital Surplus, and fair operating values ascribed to other such properties adapted to some operating use	145,804	218,004
BALANCE AT END OF YEAR	<u>\$ 13,981,996</u>	<u>\$ 13,836,192</u>

NOTES TO FINANCIAL STATEMENTS

(1) The financial statements include all Canadian subsidiaries and all domestic subsidiaries except one, as to which voting control was acquired during the year 1946 but whose operations are not integrated with those of the Company and its other subsidiaries. The Statement of Consolidated Net Income does not include the Company's share (approximately \$715,000 for 1946 and \$580,000 for 1945) in the net income of unconsolidated foreign and domestic subsidiaries, from which companies no dividends were received during those years.

(2) At December 31, 1946 assets and liabilities of Canadian subsidiaries are included in the Consolidated Balance Sheet at parity of exchange. At December 31, 1945 net current assets, and Canadian Government securities on deposit and postwar tax refunds included in investments and non-current receivables, of Canadian subsidiaries, converted at the official exchange rate on that date, are included in the Consolidated Balance Sheet at the U. S. dollar equivalent of \$3,727,737 and \$1,556,186, respectively; other assets of such subsidiaries at that date, aggregating \$5,282,941, are included therein at parity of exchange. Net income of Canadian subsidiaries has been converted at official exchange rates and is included in the Statement of Consolidated Net Income at the U. S. dollar equivalent.

(3) Subsequent to the redemption of the remaining balance of \$13,696,000 of 2% Serial Notes, the Company borrowed \$25,000,000 on its 1¾% Serial Notes maturing \$1,000,000 annually commencing 1948 to and including 1951, \$1,500,000 annually commencing 1952 to and including 1955, and the remainder in 1956. The loan agreement provides that, without the written consent of the lenders, the Company will not pay any dividends if thereafter the net current assets of the Company and its consolidated U. S. subsidiaries would be less than \$30,000,000 while notes outstanding are in excess of \$15,000,000. Such net current assets at December 31, 1946 amounted to \$80,634,593.

(4) The last-in, first-out method is employed in costing out inventories of certain products in order to reflect current cost of production in cost of goods sold, and, as an extension of this method, a reserve has been provided so that the quantities by which normal inventories of these products have been depleted, when subsequently restored, may be carried at the previously established last-in, first-out valuation.

(5) During the year 1946, the Special Contingency Reserve (created for wartime contingencies and transition to peacetime economy) was credited in the amount of \$225,667, representing adjustments of charges made in the year 1945, and the adjusted balance in the reserve was transferred to Earned Surplus.

(6) Provision for depreciation charged to operations was \$6,791,453 for 1946 and \$6,758,104 for 1945.

ACCOUNTANTS' CERTIFICATE

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

1 EAST 44TH STREET
NEW YORK 17

February 25, 1947

THE BORDEN COMPANY:

We have made an examination of the consolidated balance sheet of THE BORDEN COMPANY and Consolidated Subsidiaries as of December 31, 1946 and of the related statements of consolidated net income, earned surplus, and capital surplus for the year ended that date, have reviewed the accounting procedures of the companies, and have examined their accounting records and other evidence in support of such financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all auditing procedures we considered necessary, which procedures were applied by tests to the extent we deemed appropriate in view of the systems of internal control.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated net income, earned surplus, and capital surplus, with the notes pertaining thereto, fairly present the financial condition of the companies at December 31, 1946 and the results of their operations for the year ended that date, in conformity with generally accepted accounting principles and practices applied on a basis consistent with that of the preceding year.

Haskins & Sells.

COMMUNICATIONS

People are naturally curious about the affairs of corporations and business generally. Their curiosity is reflected in the thousands of inquiries that the company receives every year. Most of these questions are about the company itself, its products and activities. But many are general inquiries, concerned with fields where the Borden name is widely known.

Some questions are technical, and require considerable research; others border on the fantastic. But none startles the company's Public Relations Department, which endeavors to find the answer to every query. Scientists, teachers, writers, school children, and customers account for the bulk of this correspondence.

To anticipate some of these inquiries, and to supply a steady flow of information on matters pertaining to company interests, the Public Relations Department issues a score or more publications annually. Most of these publications keep employees and customers posted on matters of direct importance to them. In addition, however, there are four regular publications of general interest that build good will for the company, while performing a public service.

One of these is BORDEN'S ECONOMIC DIGEST. Covering the fields of food production and marketing, this publication was originally intended for Borden operating people but now reaches a wider audience. Typical of its review issues is "The Cost and Profit of Fluid Milk," which is scheduled for early 1947 publication. Inasmuch as this issue summarizes all of the important studies of milk costs and profits since 1927, its contents will interest both stockholders and employees.

(Briefly, the survey shows that about 50 cents of the consumer's dollar is spent before milk leaves the farm. Wage costs in processing and distribution account for another 30 cents. Most of the remaining 20 cents goes for all other expense. Practically all of the recent studies indicate that profit amounts to about 1/3 cent per quart of milk. During the 10-year period, 1937-

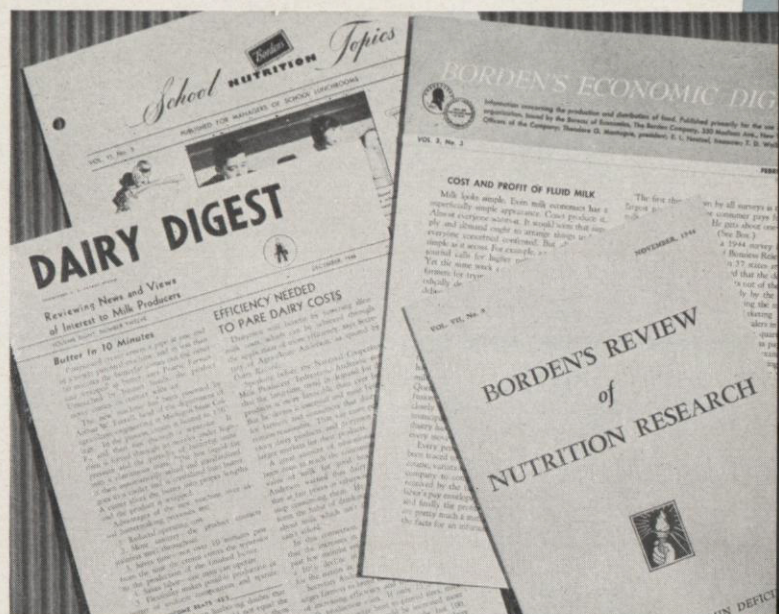
46, the highest rate of profit shown in any study was 2.88% of the sales dollar.)

BORDEN'S ECONOMIC DIGEST, which is issued monthly from October to June, and other general publications are available to stockholders and employees. They may be obtained by writing to the Director of Public Relations, The Borden Company, 350 Madison Avenue, New York 17, N. Y. Other publications are listed below.

BORDEN'S REVIEW OF NUTRITION RESEARCH is widely known for its informative review articles on nutrition and allied topics. Its editorial policies and content are directed by an advisory committee of Borden scientists. It is intended for nutritionists, dietitians, research workers, teachers, physicians. It is issued monthly from September to June.

DAIRY DIGEST is published primarily for dairy farmers who sell milk to the company. It has a wide readership, however, among people who are interested in farming. It is a monthly survey of current agricultural literature, condensing important articles pertaining to dairying.

SCHOOL NUTRITION TOPICS is for managers of school and institutional restaurants. It provides practical suggestions, aids on management, ideas for the use of dairy products and other protective foods, and large-quantity recipes. It is published monthly from September to June.



THE ANIMAL KINGDOM

The study of animal nutrition is an important phase of Borden's research program. Originated a decade ago to develop our first poultry feed supplements, this research of the Special Products Division has sparked a large line of diverse products. Its findings are of direct economic value to farmers and breeders and sometimes involve human nutrition.

Like people, animals have definite nutritional needs. Failure to meet these needs results in the loss of millions of dollars every year. Undernourished animals produce lower yields of meat, milk or eggs; they are prone to disease and may fail to reproduce or may have offspring that succumb shortly after birth.

Correct animal feeding has been studied for some years by our research staff, now numbering about 25 professional workers, and step by step the answers are being found. Our Nutritional Research Laboratory and experimental farm demonstrated the importance of the B complex

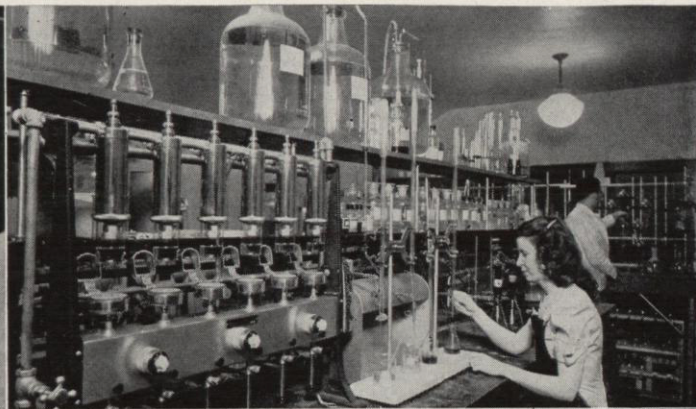
vitamins in the diet of poultry. It showed how a balanced intake of minerals and vitamin D prevents rickets in flocks. Now being studied is the influence of protein on the growth of poultry. This research means better hatchability, a greater egg output and more uniform year-round production, and better growth of poultry raised for market.

Other research with farm animals is under way. Swine studies are centered on the influence of protein intake on the survival of litters. The work with dairy cattle is focused on vitamin A requirements, relative efficiency of various types of vitamin A, and ways to lower calf losses and increase the output of milk.

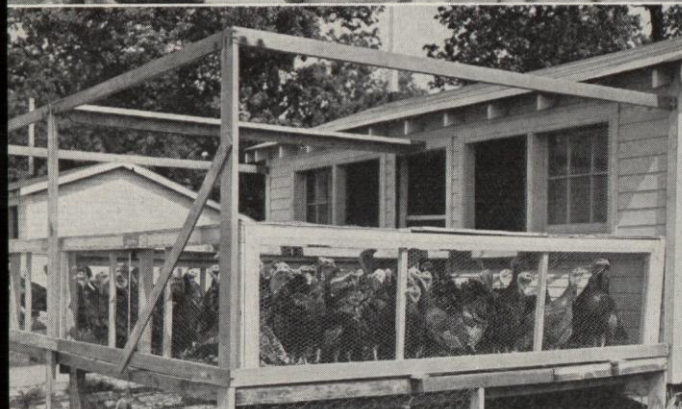
Small animal research — with the dog, mink, fox and cat — is carried on at Borden experimental kennels. Working on an improved formula for a dog ration, our research men recently made a discovery that may be important in the field of human nutrition.



Checking up on Kitty's health



Vitamin B assays in our laboratory



Turkeys studied for protein needs



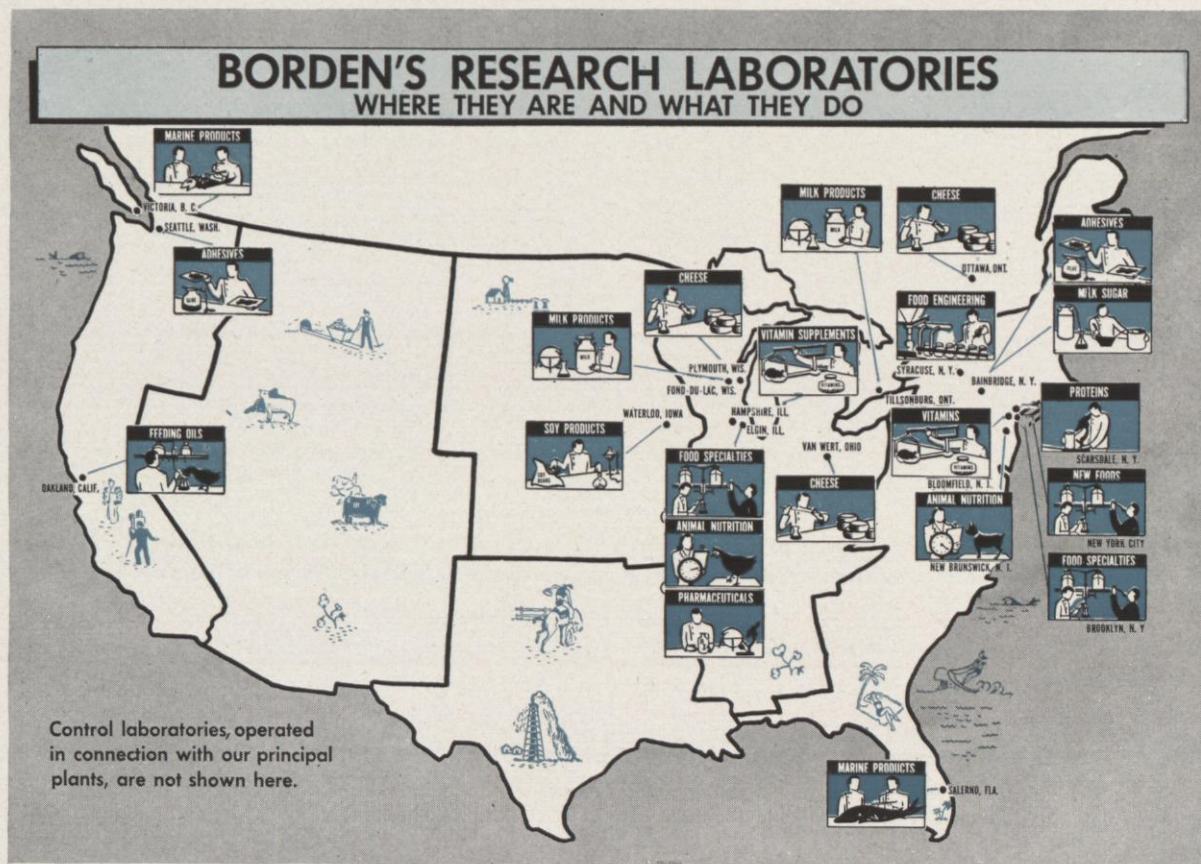
Puppies thrive on a complete diet

Breeders are concerned about a type of anemia that occurs frequently in dogs just before whelping, and results in a high mortality among puppies. This so-called macrocytic anemia may affect humans also. Searching for a preventive ingredient that could be added to our dog ration, our scientists found several materials containing an unknown factor which is effective in fighting macrocytic anemia. Called Factor X by our laboratory people, it is now being studied for possible application in the field of human medicine. And, of course, it will be used to improve our dog rations.

The kennels are also helpful in the development of specific Borden products. The physiology of dogs is similar to that of humans. For this reason, and because dogs mature faster and will accept experimental diets more readily, they have been the source of much knowledge about human nutrition. When our scientists were de-

veloping Protolac, a new pharmaceutical product, they turned to our dogs to find out how thoroughly its protein could be digested. Before any human clinical research was done, the kennels came up with the answer — Protolac provides a balanced protein having a biological value of 99.2%, as compared with a 75% average for other proteins.

These studies in the animal kingdom are rounding out an interesting cycle. At the start, research perfected products that required the company's entry into such diverse fields as fishing and soy bean processing in order to obtain necessary ingredients. Now the ingredients themselves are inspiring research, and our scientists are searching for still wider and more efficient uses of our soy, milk and marine materials. And so, as the cycle goes on, this research is leading into a whole group of new Borden products.



In Peace and War

1940-46

FINANCIAL POSITION

ASSETS:	1946	1945	1944	1943	1942	1941	1940
Cash	\$ 29,004,830	\$ 30,133,484	\$ 33,972,396	\$ 26,470,542	\$ 22,763,267	\$ 20,321,433	\$ 20,147,814
Securities	5,984,098	27,806,725	9,656,545	9,844,919	9,586,708	4,489,075	4,412,912
Receivables	26,678,474	17,369,830	20,877,457	17,199,554	16,459,548	18,089,718	12,794,346
Inventories	57,641,793	31,474,676	34,192,113	34,249,927	28,847,337	28,695,550	17,895,422
Investments and Non-Current Receivables	10,742,243	6,879,612	8,346,748	6,470,531	3,165,185	3,209,262	2,908,644
Property and Equipment	75,322,556	65,235,310	64,839,491	66,535,599	68,964,011	69,378,011	67,220,328
Deferred Charges	813,445	876,544	958,560	1,132,595	1,018,063	902,581	939,747
Trade-Marks, Patents and Good-Will	1	1	1	1	1	1	1
Total Assets	<u>\$206,187,440</u>	<u>\$179,776,182</u>	<u>\$172,843,311</u>	<u>\$161,903,668</u>	<u>\$150,804,120</u>	<u>\$145,085,631</u>	<u>\$126,319,214</u>
LIABILITIES:							
Current Liabilities	\$ 34,750,708	\$ 27,897,499	\$ 24,697,992	\$ 22,926,455	\$ 19,282,081	\$ 20,902,424	\$ 15,208,347
Non-Current Liabilities	<u>25,028,230</u>	<u>12,933,520</u>	<u>13,835,025</u>	<u>10,637,506</u>	<u>11,376,014</u>	<u>11,833,716</u>	<u>329,744</u>
Total Liabilities	<u>\$ 59,778,938</u>	<u>\$ 40,831,019</u>	<u>\$ 38,533,017</u>	<u>\$ 33,563,961</u>	<u>\$ 30,658,095</u>	<u>\$ 32,736,140</u>	<u>\$ 15,538,091</u>
STOCKHOLDERS' FUNDS AND RESERVES							
Reserves	\$ 26,408,415	\$ 31,727,847	\$ 30,409,097	\$ 24,702,056	\$ 17,292,640	\$ 11,464,736	\$ 11,907,202
Capital Stock and Surplus	<u>120,000,087</u>	<u>107,217,316</u>	<u>103,901,197</u>	<u>103,637,651</u>	<u>102,853,385</u>	<u>100,884,755</u>	<u>98,873,921</u>
Total Stockholders' Funds and Reserves	<u>\$146,408,502</u>	<u>\$138,945,163</u>	<u>\$134,310,294</u>	<u>\$128,339,707</u>	<u>\$120,146,025</u>	<u>\$112,349,491</u>	<u>\$110,781,123</u>

OPERATING RESULTS

RECEIPTS:	1946	1945	1944	1943	1942	1941	1940
Sales	\$542,998,805	\$459,454,880	\$410,478,189	\$371,866,527	\$325,350,306	\$259,128,514	\$216,795,850
Other Income—Net	<u>854,711</u>	<u>620,110</u>	<u>1,068,018</u>	<u>908,484</u>	<u>187,914</u>	<u>464,603</u>	<u>486,420</u>
Total	<u>\$543,853,516</u>	<u>\$460,074,990</u>	<u>\$411,546,207</u>	<u>\$372,775,011</u>	<u>\$325,538,220</u>	<u>\$259,593,117</u>	<u>\$217,282,270</u>
DISPOSITION:							
To Farmers	\$290,509,180	\$216,176,520	\$196,866,197	\$183,775,086	\$153,263,042	\$122,949,621	\$ 98,849,943
Payroll	89,000,822	74,180,581	67,963,166	62,364,299	57,968,360	52,319,148	50,333,858
Taxes	<u>19,371,222</u>	<u>32,908,596</u>	<u>30,281,637</u>	<u>21,954,543</u>	<u>15,096,404</u>	<u>8,593,518</u>	<u>6,477,171</u>
Total to Farmers and for Payroll and Taxes	<u>\$398,881,224</u>	<u>\$323,265,697</u>	<u>\$295,111,000</u>	<u>\$268,093,928</u>	<u>\$226,327,806</u>	<u>\$183,862,287</u>	<u>\$155,660,972</u>
Costs & Expenses of Operations (Including reserve provisions due to wartime conditions)	118,599,833	117,957,217	99,998,798	88,832,423	84,347,446	61,266,150	48,022,494
Depreciation	<u>6,791,453</u>	<u>6,758,104</u>	<u>6,448,415</u>	<u>6,442,955</u>	<u>6,483,314</u>	<u>6,194,108</u>	<u>6,016,187</u>
Total	<u>\$524,272,510</u>	<u>\$447,981,018</u>	<u>\$401,558,213</u>	<u>\$363,369,306</u>	<u>\$317,158,566</u>	<u>\$251,322,545</u>	<u>\$209,699,653</u>
NET INCOME	<u>\$ 19,581,006</u>	<u>\$ 12,093,972</u>	<u>\$ 9,987,994</u>	<u>\$ 9,405,705</u>	<u>\$ 8,379,654</u>	<u>\$ 8,270,572</u>	<u>\$ 7,582,617</u>

THE BORDEN KITCHEN

Seventeen floors above Manhattan, in the sunny south wing of the Borden Building, is the Borden Kitchen. Except for its altitude, it is very similar to the modern kitchens found in the homes of Borden customers. It is, in fact, a pilot plant where know-how is developed to perfect the important business of food preparation that goes on daily in millions of American households.

Frequently a visitor to the Kitchen is heard to exclaim, "Why, that's just what I have in *my* kitchen at home!" Such words are music to the ears of our home economists, because the Kitchen was designed to provide working conditions very much like those under which meals of the average American family are prepared.

Basically, the Kitchen's job is to increase the sales of Borden foods. This work is done in two principal ways. Our home economists develop and test recipes that provide a wider variety of uses for our products. And they check our products against those of competitors to make certain that customers are getting the best results by using Borden foods.

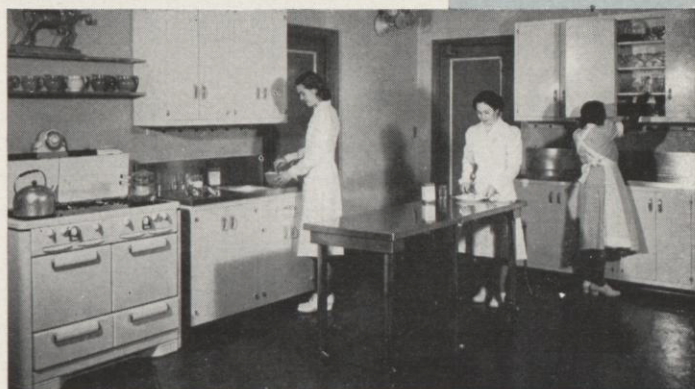
Continuing recipe revision is another important Kitchen function. Even during the postwar period, housewives find many foods hard to obtain. Where possible, our home economists revise recipes to exclude scarce ingredients or reduce their use as much as possible. Some recipes have been revised several times to reflect changes in the nation's food supplies.

Occasionally customers do not obtain the desired results in using Borden products and recipes. When we hear about these difficulties, our home economists check to learn what the trouble is. Quite frequently it may result from failure to follow the recipe exactly; sometimes it is caused by substitution of ingredients, or faulty equipment in the home.

When recipes are to be used on labels or in promotional material, proofs are carefully studied by the Kitchen staff as a double-check against error. The Kitchen also works closely with food publications, providing special recipes

on request and serving as a photographic studio where tempting pictures of foods are made.

Through the work of the Borden Kitchen, and other test kitchens which supplement it, customers receive an added assurance of satisfaction in using Borden products.



Kitchen at Work



Testing a Borden Product



Cheese Cutlets—a Kitchen Recipe

PROGRESS REPORT

At the close of 1945, we announced plans to spend \$23,000,000 during 1946 on new buildings and equipment — the modern tools that make for better working conditions and improved operating efficiency.

By the end of 1946, about half this sum remained unspent. We had been eager to get the program started, and hoped to have it near completion or even finished before the end of the year. But we found that the war's end did not bring peacetime conditions. Many of the old bottlenecks were still there. For instance, we might get new machinery—but no motors to make it go. And costs were up so sharply that we were sometimes forced to abandon our plans.

So much replacement work accumulated during the war that we increased our 1947 building and equipment plans. To about \$12,000,000 left over from 1946, the Board of Directors added \$13,897,000. This means about \$26,000,000 for capital expenditures in 1947 — the largest program of its kind in the company's history.

This program will allow for new projects, as well as most of those planned for but not completed in 1946. Our new plans will not be an-

nounced in detail, because some may have to be changed, but a look at what has been accomplished during 1946 may be interesting. In addition to equipment installations and the purchase of new trucks, we made this progress on buildings:

The Fluid Milk and Ice Cream Divisions planned construction of new combination plants in New Orleans, La., and Miami, Fla. Work on the milk plant at Milwaukee, Wis., was held up, however, because of high construction costs. Extensive remodeling plans for milk plants proceeded at Phoenix, Ariz., Fond du Lac, Wis., Burlingame, Calif., and Dallas, Houston and San Antonio, Tex. The plant at Oklahoma City was completed.

In addition to its big Kankakee, Ill., fractionating plant, the Special Products Division finished a factory at Elgin, Ill., to manufacture food and pharmaceutical specialties and a new soy nut plant at Waterloo, Ia. At Boscobel, Wis., construction was started on a large plant to process milk solids from whey for use in prescription, food and feed products. At Waterloo the Division increased the size of its soybean



Milk Plant—Oklahoma City

storage elevators by 600,000 bushels. It built new elevators at Fort Dodge, Ia., adding another 300,000 bushels of storage capacity. To process fish by-products, new plants were added at three locations — two on the Pacific and one on the Atlantic coast.

The Cheese Division temporarily suspended work on its big plant at Plymouth, Wis. Satisfactory construction progress could not be made there, primarily because it was difficult to get materials delivered on schedule. Work will be resumed when conditions improve. But the Division did enlarge and improve the Liederkrantz plant at Van Wert, O., providing space for the manufacture of Camembert cheese also. A small cheese plant was started at Gainesboro, Tenn., and the capacity of the Carthage, Tenn., plant was increased by remodeling to care for our expanded cheese production in that state.

At Newport, N. Y., the Manufactured Products Division had construction well under way on its big plant expansion program to furnish added facilities for the manufacture of Borden's Instant Coffee and Liquid Hemo.

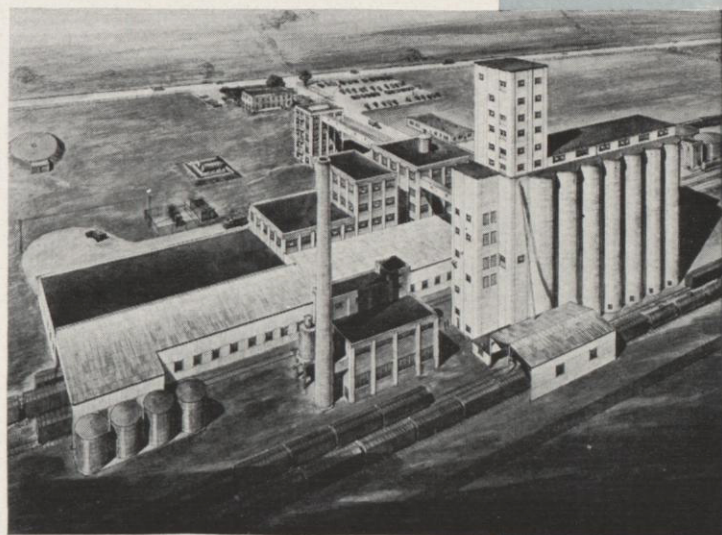
The fine new casein plant at Bainbridge, N. Y. was completed by our Casein and Adhesives Division. Also finished and subsequently expanded was its formaldehyde unit at Springfield, Ore. A new liquid urea resin glue plant was opened at Kernersville, N. C., to serve the South's rapidly expanding plywood and furniture industry.

The Borden Company, Limited, completed the remodeling of cheese plants at Aultsville, Gallingertown, and Bouck's Hill, Ont., and also extensive installations in the milk plant at Toronto. A new milk powder manufacturing plant was planned for Le Baie, P. Q.

Some of these projects of our 1946 program were sizeable, others relatively small. But all of them, large or small, were plagued by the same construction problems faced during the war. With the even larger program planned for 1947, more normal conditions may permit the reporting of better progress at the close of the year.



Soy Bean Plant—Waterloo



Protein Fractionating Plant—Kankakee



Casein Plant—Bainbridge

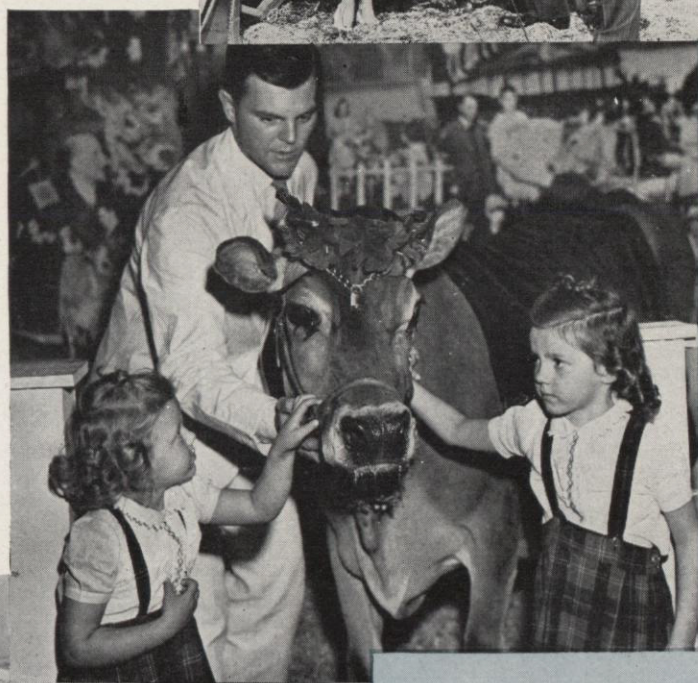
ON THE ROAD AGAIN

Borden's Elsie has taken to travel again. Never much of a homebody, she feels that a salesman's place is on the road, calling on the customers. Hundreds of thousands of our customers met her face to face last year, and her 1947 calendar is already crowded.

Elsie is a unique figure in modern promotion. Other companies have, of course, used animals as trade characters in their advertising. But the charming cow that is so familiar to readers of Borden advertising is backed up by a flesh and blood Elsie whose following grows with the years. And Elsie, in print or on the hoof, has penetrated the consciousness and affection of the people as has no other character born of advertising.

Recent surveys have developed some impressive facts about the popularity of Elsie. They tell us, for example, that 71% of the people not only know who she is, but what company's products she sells so persuasively. They reveal that she is recognized by twice as many people as remember any other animal in the advertising world. And they show that she is a better known

A moo for the radio audience



Two new friends are a little bashful in getting acquainted



Mayors of thirteen California cities on hand to welcome her



*And music
from our
Ginny Simms*



*But these old pals
shared her fortunes
from coast to coast*



*And there's a noisy
greeting from these
young Western fans*

figure than many of the notables who regularly make newspaper headlines.

Contributing to this fame was Elsie's return to the road last year. During the war and the period immediately following it, she stayed home. Transportation was so urgently needed for men and supplies that she decided not to add to travel complications. But once the rush was over, she sallied forth across the country.

Elsie's first postwar trip was by air. Traveling in a converted DC-3 of the Flying Tigers, an air transport line operated by war veterans, she flew from New York to take part in the Flower Fiesta at San Mateo, Calif. Crowds turned out to greet her at airports along the way, and she was the unquestioned hit of the show.

From California, Elsie's plane flew down to Dallas for a 16-day stay at the Texas State Fair. By actual count, 515,367 Texans filed by her boudoir, many of them waiting an hour or more for the opportunity. Unspoiled by these new triumphs, she flew back to her home farm at East Schodack, N. Y.

There a troupe of well-bred Jerseys is ready to handle Elsie's 1947 assignments, and add new luster to her fame.

BORDEN PRODUCTS DIRECTORY

UNITED STATES

CONDENSED MILK—Borden's Eagle Brand. *Sold sectionally:* Challenge, Darling, Dime, Leader, Magnolia, Rose, Standard and Star Brands.

EVAPORATED MILK—Borden's.

MALTED MILK—Plain and Chocolate Flavored—Borden's, Thompson's.

VITAMIN FORTIFIED FOOD DRINKS—Borden's Hemo (Powder and Liquid). *Limited distribution:* D-Q—Vitamin Fortified Fluid Milk, Instant Mix—for making Hot Chocolate, Chocolate Flavored Syrup.

COFFEE—Borden's Instant Coffee—100% Pure Coffee.

CHEESE—Liederkrantz Brand Cheese; Military Brand Camembert. Bulk Natural Cheese (all varieties); Borden's and Victory Brands Swiss; Dutch Maid, Castle and Eagle Brands Limburger. Package Cheese: Chateau; Borden's Process Cheese; Borden's Eagle Brand Cream Cheese; Borden's Wej-Cut Cream Cheese; Borden's Cocktail Cheese Spreads; Borden's Grated Cheese (American and Italian Styles). Imported Cheese as available.

CONFECTIONERY—Borden's Caramels.

MINCE MEAT AND FRUIT BASE—Borden's None Such. *Sold in Eastern States only:* Borden's Fruity Filling.

MILK SUGAR—Bulk Milk Sugar and Bulk Beta Lactose.

PRESCRIPTION PRODUCTS—Biolac, Dryco, Mull-Soy, Beta Lactose, Klim, Powdered Whole Lactic Acid Milk, Powdered Protein Milk, Powdered Skimmed Lactic Acid Milk, Powdered Skimmed Milk, Gerilac and Protolac.

POWDERED MILK—*Limited distribution:* Borden's Klim, Starlac 1 lb. package. *In bulk only:* Parlac Brand Whole Milk. Breadlac, Starlac and Certora Brands Non-Fat Dry Milk Solids.

OTHER DEHYDRATED PRODUCTS—Dry Whole Egg. *In bulk only:* Drimix; Powdered Orange and Lemon Juices.

POULTRY AND ANIMAL FEED SUPPLEMENTS, DOG FOOD—Flaydry, Flaydry "D", Ladpro, Ration-ayd, Hopro, Cavpro, Bospro, Petpro, Furpro and Fish Meal. Vitamin A & D Oils and Dry Vitamin A & D Products for Poultry and Livestock. Ration-ayd Emulsion for Livestock, Poultry and Pets. Armstrong Dog Meal, Esbilac.

ICE CREAM, DAIRY, CANDY AND BAKERY PRODUCTS—Chocolate, Orange, Grape and other Syrups, Fudges, Flavoring Extracts (Liquid and Powder). Dry Ice Cream Mix, Golden Whip, Egg Powders, Chocolate Flavored Powder for Dairy Drinks, Baiz Duo-lizer, Cheese Coating for Popcorn, Soyco, Roasted Soy Nuts, Soynut Toppers, Salted Soyettes, Silver Whip.

SOY PRODUCTS—Refined and Specially Prepared Soy Oils, Soy Bean Oil Meal.

VITAMIN PRODUCTS—Vitamin A Oils and Concentrates. Synthetic Vitamins, B Complex Syrups. Natural A and D Concentrates, Rice Polish Concentrates. Vitamin Fortification for Fluid Milk, Vitamin Specialties for Food Fortification. Labco Products—Edible Casein, Vitamin Free Casein, Lactalbumin, Amino Acids.

CASEIN—Bulk casein. Casco casein glues, label glues, flexible cements, wall size. Protovac, Cascolac and Cascorez sizing and finishing products.

SYNTHETIC RESINS—Cascamite dry and liquid urea-resin glues and sizing. Cascophen dry and liquid phenol and phenol-resorcin resin glues and impregnating solutions. Cascorez polyvinyl resin emulsions.

CANADA

CONDENSED MILK—Borden's Eagle Brand, Reindeer Brand.

EVAPORATED MILK—Borden's.

COFFEE—Borden's Instant Coffee—100% Pure Coffee.

POWDERED MILK AND CREAM—Borden's Klim, Trucream, Trumilk, Drimilk, Milkstock, Breadlac and Starlac. High Protein Milk Supplement.

PRESCRIPTION PRODUCTS—Dryco, Klim, C.M.P. Powdered Lactic Acid Milk and C.M.P. Powdered Protein Milk, Mull-Soy, Beta Lactose.

CHEESE—Borden's Processed Loaf and Package Cheese, Chateau, Baumert Cream Cheese, Canabec Cream Cheese, also Wej-Cut Cream Cheese, Blufort Cheese.

POWDERED FRUIT JUICE—Borden's C.M.P. Brand.

EGGS—Powdered and Frozen.

CONFECTIONERY—Borden's Caramels.

VITAMIN PRODUCTS—Fish Liver Vitamin Oils.

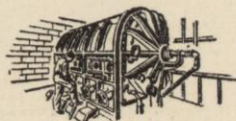
MALTED MILK—Plain or Chocolate Flavored—Borden's.

FLUID MILK AND ICE CREAM

ICE CREAM is sold as Borden's, or such local brands as Hendlers, Horton's, MelOrol, Reid's, etc., in many areas in the following states: Alabama, Arkansas, California, Connecticut, Delaware, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Texas, Vermont, West Virginia, Wisconsin. In Canada, it is sold in Ontario and Quebec.

FLUID MILK and other products handled on routes are sold as Borden's, or such local brands as Castanea, Joubert, Mitchell, Moores & Ross, etc. They may be purchased in many communities in the following states: Arizona, Arkansas, California, Connecticut, Florida, Illinois, Indiana, Louisiana, Michigan, Mississippi, Missouri, New Jersey, New York, Ohio, Oklahoma, Texas, Vermont, West Virginia, Wisconsin. In Canada, they are sold in communities in Ontario and Quebec.

B O R D E N



Processing



Research



Marketing

Q U A L I T Y S I N C E 1 8 5 1

Printed in U.S.A.